



BUDGET COMMITTEE



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**Senator Gregg's Senate Floor Remarks on
the Conrad-Gregg Amendment to the Debt Limit Bill
January 25, 2010
(unofficial transcript)**

Mr. President, let me first thank the Senator from North Dakota. First he was a voice in the wilderness, that's what we say in New Hampshire. That's the motto of one of our colleges. Now he has become the clarion call. The simple fact is his statement really summarized it all -- the debt is the threat.

He, in the statement that he just made, he outlined the implications of the debt. You can't deny it. It's there. It's coming. It exists, and it's been added to. The numbers simply can't be ignored any longer. We are, as a nation, on a path where if we continue to spend and run deficits as we have and as are projected, our nation will not be able to maintain its standard of living. We will not be able to finance our debt, and the value of our currency will come under acute threat. The burden of taxation to pay for the cost of government will overwhelm the ability of people to live productive lifestyles.

And, inevitably, and this is not hyperbole, unfortunately, inevitably we, as a nation, will go into insolvency of some form. We will have to inflate our economy radically or we will have to bear a burden that simply stifles the capacity of our children to have a high quality of life because of the cost of the government and the cost of the debt.

The Senator from North Dakota cited the figures. We go to a public debt that is in excess of 100% of gross domestic product. We cross the 60% threshold for publicly held debt, which is the tipping point, potentially this year, but certainly by next year. We're like a dog, we have trouble catching our tail because we have so much debt on the books. These numbers are staggering. They're hard to understand. Trillions and trillions of debt.

And, as the Senator from North Dakota has also pointed out, the debt is increasingly owned not by Americans, but by foreign nations. Today China owns almost \$1 trillion of our debt. The oil-exporting nations own, as a group, almost \$200 billion of our debt. We are shipping overseas the dollars which we should be reinvesting in the United States to create a more productive and vibrant economy and a better lifestyle for our nation.

By the year 2019, the interest on the debt alone will exceed every other account in the current federal government. It will be approximately \$800 billion a year, almost \$1

trillion a year, which is more than what we spend on national defense, massively more than what we spend on education, on building roads, and on doing the things that a government is supposed to do.

Where does that interest go? It doesn't stay here in the United States to benefit Americans and make us a stronger nation. It is going to go to countries like China -- not that I have anything against China, but, I mean, going to countries that have bought our debt. So we are on an intolerable path, and a path of unsustainability. A path which leads us down the road to a nation which is less prosperous and which has a lower standard of living than what we received from our parents. And that's simply not acceptable.

So how do we address this? Well, for years we said, let's do it by regular order. Let's come up with ideas and run them through the committee process, and run them up the political flagpole. Let the community of interest who want to speak out on issues speak out on it. And then we will involve solutions that work on these very difficult problems. Most of the issues, by the way, are driven by the cost of entitlement programs. And for years nothing has happened. Nothing has happened. And there's a reason for that. Our political system is inherently prejudiced on doing substantive activity on issues as big as entitlement reform.

We have a system where — whenever anybody puts a substantive, thoughtful policy on the table, or even policies that are not thoughtful, which is the way you should address the cost and burden of our government — it is immediately attacked either from the left or from the right. And so they almost never even make any proposal, and so Senator Conrad and I decided you can't do this by putting policy on the table.

There are too many interest groups in this town that make their living off poisoning the well either from the right or the left because that's how they generate their income. They send out letters to their constituent groups. If it's a Social Security group, they send it out in a Social Security-type envelope, and say if you don't send us money soon, tomorrow, somebody is going to ruin Social Security for you. Or if they are a tax group, they send out the same type of letter. It's like an IRS form letter. If you don't send us money tomorrow, your taxes are going to go up radically.

So as a very practical matter, nothing gets past the starting line around here. Regular order has not, does not, and will not work on these issues. So we decided rather than using that process, which we know leads nowhere, let's set up a process that does lead somewhere. And so we came up with a procedure which is totally and absolutely bipartisan and fair, and where neither side can game the other that will then lead to a policy position, which then leads to a vote on that policy.

And that's the Task Force we have. The key components are that it is totally and absolutely bipartisan. Neither side can game the other. It takes 14 of 18 people to report the proposals out, and they don't have to be proposals for everything, but the proposals that are agreed to have a supermajority. I think that 78% of the people on this Task Force have to vote for it, and since the membership of this Task Force is appointed by the

leadership of the two parties, a majority of the party membership of both parties that are on this Task Force has to vote for the final proposal.

And one presumes that whoever goes on this Task Force, if chosen by the leaders of their party here in the Senate, whether Senator Reid or Senator McConnell are leaders in the party, or the House, Speaker Pelosi or Congressman Boehner, it is going to reflect fairly aggressively the viewpoints and the philosophies of the different parties. And so it will be a bipartisan report, or it won't be a report at all.

And then it comes to the Congress, and it has to be voted up or down by a supermajority vote. So once again, it basically mutes the ability to game it. One side can't game the other. The proposal must be bipartisan and fair.

Why do we choose that path? Because the American people have shown very definitively that they will not accept proposals in these very big areas, especially Social Security and Medicare, that are not reached through a bipartisan agreement. They want fairness. They want to make sure nobody is gaming anybody around here. So that's why we have these supermajorities. And then it's on a fast track. So the proposal has to be voted up or down, and it can't be amended.

Why is that? Because, ladies and gentlemen, as we all know around here, amendments are for hiding in the corners. Amendments are offered around here, not for the purposes of accomplishing anything, but for the purposes of giving political cover. In fact, we'll see a couple of amendments just like that on this bill, on this issue—one from our side and one from the other side so the people will have political cover if they vote against this Task Force approach.

But the simple fact is that if you really want to do something here, you've got to have an up-or-down vote on a fast track. And everything has to be on the table, including all entitlement and tax reform issues. Why is that? Well, because this has to be bipartisan. It's that simple. I would be happy to have a commission that was just based on spending reductions or adjustments to the Medicaid and Medicare and Social Security programs, but there isn't anybody on that side of the aisle that is going to agree to that. And they would be happy to have a proposal that just addresses the tax gap, such as has been proposed on occasion by the Senator from North Dakota, which is to try to collect the \$300 billion of taxes that are owed and not paid in this country every year. But nobody on this side is going to accept that. Everything has to be on the table.

But the key is to protect both sides' interest in this exercise, so Social Security isn't treated inappropriately, and so the tax increases aren't done inappropriately, if there are tax increases, is to make sure that the product has to be bipartisan, and that it has to be reported on by supermajorities, which this does, so that issue is addressed.

So we're here again, and I don't know that we're going to get the 60 votes needed to pass this. It's obviously been attacked from the right, and it's been attacked from the left, which usually means you're on a pretty good course. And regrettably, the President put out his Executive Order proposal, which I think undermined it, but then he has come to

support our statutory Task Force, but it may be a little late to the dinner here. And on our side of the aisle, some of our major interest groups have come out against it.

But I know this much: that we're getting to the point where we don't have too many alternatives around here. That if we don't do something like this fairly soon, I genuinely believe that somewhere between five to ten years from now, probably between seven and ten years from now, we, as a nation, will find it very hard to sell our debt. Countries will look at us and say you cannot sustain your situation. You have run a debt up that you cannot pay back, and I am not going to want to lend you money. Or if they do, it's going to be at a very high price.

At that point, the options will be very, very few for us as a country. And they will all be horrific options for our children because they will all lead to a lower standard of living for us as a nation, and they will all make our country less competitive than others in the world economy, which is obviously very aggressive and totally global now. So we can wait. We can punt this thing one more time as we have done year-in and year-out now. We can say there is not a problem out there, or if there is a problem out there, if you want to address it the way you want to address it on your side, we want to address it on our side, then we will vote for it.

In the end, we will not be as responsible as people who have been given the mantle of government. We will not be fulfilling our responsibility to govern. Instead, the postwar baby boom generation will be the first generation in history to pass on to our children a country of less prosperity than we have received from our parents. That will not be a very good testament to our responsibility as people in charge of governance. And so this is the chance. This is the closest we have ever gotten to this opportunity. I don't believe we'll get this close again at any time in the future, and we can either take it or we can allow it to pass.

I have often said that Congresses are good at handling the next election but they are terrible at handling the next generation. Unfortunately, for years this issue seemed to be over the horizon. It's not any longer. It's not only on the horizon, it is closing in fast. The red flags are everywhere, everywhere. We have even seen Moody's, the rating agency, put the United States in a special category with England. We're not on a watch list, but they have given us a new definition compared to the rest of the industrialized countries. There is no question but that the clock is ticking and the hour is late, and if we don't proceed to action that leads to actual activity, that leads to actual policy, in my opinion, we will not be fulfilling our responsibility as people who are elected to govern and to pass on to the next generation a stronger America rather than weaker America.

Mr. President, I yield the floor.